APPENDIX

Central Mutual Insurance Company of Chicago, an Illinois corporation, was organized under the Act of July 1, 1915 (an Act to provide for the organization and management of mutual insurance corporations other than life), Revised Statutes of Illinois 1935, Illinois State Bar Association Ed. Chapter 73, Sections 287 et seq. The following Sections of this statute are deemed to be relevant to the case at bar:

Section 299: Rights of policyholders—Voting. Sec. 13.

> Every policyholder shall be a member of the corporation and shall be entitled to one or more votes, based upon the insurance in force, the number of policies held or the amount of premium paid, as may be provided in the by-laws, and such members may vote in person or by proxy.

Section 300: Premiums—By-laws—Liability of policyholders. Sec. 14.

> The by-laws shall provide for a cash premium and may limit the contingent liability of the members to an amount not less than one or more than ten times the cash premium expressed in the policy. The maximum contingent liability of the holder of each policy shall be plainly stated as a part of each policy. The by-laws may also provide for policies to be issued for cash premiums without contingent liability of policyholders, as provided in section 15.

Section 301: Policy for cash premium without contingent liability—Amount of surplus. Sec. 15.

> No such corporation shall issue any insurance policy for a cash premium and without contingent liability until and unless it possesses surplus of at least one hundred thousand dollars ($100,000.00) and not less

in amount than the capital required of domestic stock insurance companies transacting the same kind of insurance.

Section 304: Depletion of assets—Assessments on members. Sec. 18.

Such corporation not possessed of assets at least equal to the unearned premium reserve and other liabilities, shall make an assessment upon its members, liable to assessment, to provide for such deficiency, such assessment to be against each such member in proportion to such liability as may be expressed in his policy * * *.

The liquidation of Central Mutual Insurance Company of Chicago was commenced under "an Act in relation to delinquent insurance companies," etc., approved June 26, 1925, Revised Statutes of Illinois 1935, Illinois State Bar Association Ed. Chapter 73, Secs. 105 (1) et seq. The provisions of this statute are not here set out, because they do not relate to the levy of assessments.

The liquidation of Central Mutual Insurance Company of Chicago was continued under "an Act to revise the law relating to insurance and to repeal certain Acts therein named," commonly known as the Illinois Insurance Code, Revised Statutes of Illinois 1937, Illinois State Bar Association Ed. Chapter 73, Sections 613—1091. The following sections of this Code are deemed to be relevant to the case at bar.

Section 833:

"Every proceeding heretofore commenced under 'an Act in relation to deliquent insurance companies, associations and societies,' approved June 26, 1925 as from time to time amended, which is repealed by this Code, shall be continued as if said Act had not been repealed, but assessments against members or subscribers of any company which has issued assess-

able policies or contracts of insurance may be made in accordance with Sec. 207 (Sec. 819 of the 1937 Code)."

Section 819:

"In the event of the entry of an order directing the Director to rehabilitate or liquidate any company which has issued assessable policies or contracts of insurance, the Director may, with leave of Court, at any time during the pendency of the proceeding, levy such assessment or assessments against the members or subscribers of the company as may be necessary to pay all allowed claims in full, to the same extent that such assessment or assessments might have been levied by the board of directors, attorney-in-fact or other governing body of the company. Such assessment or assessments shall become due and payable upon the levy thereof by the Director and shall cover the excess of the probable liabilities over the reasonable value of the assets, together with the cost of collection and probable percentage of uncollectibility thereof. The total of all such assessments against any member or subscriber shall not exceed the maximum amount fixed in the contract of that member or subscriber. Upon the levy of any such assessment or assessments the Director shall take such steps as may be necessary to enforce the collection thereof."